

Message Text

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ACTION EUR-08

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C O N F I D E N T I A L MILAN 1950

LIMDIS

E.O. 11652: GDS

TAGS: BGEN, EINV, IT, US

SUBJECT: MONTEDISON ACTIVITIES IN US

1. SUMMARY. A WELL-INFORMED WALL STREET CONTACT TOLD US IN CONFIDENCE SEPT 3, THAT MONTEDISON IS SEEKING TO PURCHASE THE MARINE MIDLAND BANK IN THE UNITED STATES, IS SPONSORING A VISIT BY A NUMBER OF ITALIAN JOURNALISTS TO ITS U.S. FACILITIES LATER IN SEPTEMBER AND IS IN THE MARKET FOR AMERICAN CHEMICAL FIRMS IN ABOUT THE 50 MILLION DOLLAR PRICE CATEGORY. END SUMMARY.

2. AN OLD ACQUAINTANCE PROMINENT IN AMERICAN ITALIAN BUSINESS AND INVESTMENT ACTIVITIES NOW UNDER CONTRACT TO MONTEDISON INFORMED US IN CONFIDENCE TODAY THAT MONTEDISON IS EMBARKED ON A PROGRAM TO SHIFT ABOUT 20 PERCENT OF ITS TOTAL ACTIVITY TO FOREIGN AREAS WITH A HEAVY CONCENTRATION IN THE U.S. HE SAID THAT NEGOTIATIONS HAD BEEN IN PROGRESS TO PURCHASE A CONTROLLING INTEREST OF THE MRINE MIDLAND BANK. MONTEDISON ALREADY OWNS SEVERAL BANKS IN ITALY AND WISHES TO ACQUIRE AN IMPORTANT AMERICAN BANK BOTH IN ORDER TO HAVE THE BENEFITS OF CASH FLOW AND IN ORDER TO ESTABLISH A POSITION IN THE AMERICAN BANKING COMMUNITY. THE COST OF A CONTROLLING INTEREST IN MARINE MIDLAND AT THIS TIME WOULD RUN TO ABOUT 20 MILLION DOLLARS. MONTEDISON WOULD PUT UP HALF OF THAT AMOUNT

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DOLLARS. MONTEDISON WOULD PUT UP HALF OF THAT AMOUNT

AND BORROW THE OTHER HALF. IN RETURN IT WOULD ACQUIRE
A CONTROL OF ASSETS OF SOMETHING LIKE 12 BILLION DOLLARS.

3. AT THE SAME TIME, MONTEDISON IS IN THE MARKET FOR
ONE OR MORE GOING CONCERNS IN THE CHEMICAL FIELD IN THE
UNITED STATES TO ADD TO ITS EXISTING STABLE OF PLANTS
THERE. OUR CONTACT HAD BEEN GIVEN THE GO AHEAD TO
IDENTIFY FIRMS IN THE CHEMICAL FIELD THAT MIGHT BE
HAD FOR AROUND 50 MILLION DOLLARS EACH. HE POINTED OUT
THAT SINCE SUCCESSFUL FIRMS WERE NOT ON THE MARKET
THIS WOULD ALMOST CERTAINLY MEAN BUYING A FIRM OF
DUBIOUS PROSPECTS. ALL OF THIS, HE SAID, WAS IN
KEEPING WITH THE LONG-TERM OBJECTIVE OF THE COMPANY OF
INCREASING ITS FOREIGN BASE TO ABOUT A FIFTH OF ITS
TOTAL OPERATION. THIS DEVELOPMENT IS IN KEEPING WITH
THE INFORMATION PROVIDED TO US DURING THE LAST COUPLE
OF YEARS BY MONTEDISON PRESIDENT CEFIS'S FOREIGN
OPERATIONS ADVISOR RATTI.

4. AS A PART OF MONTEDISON'S EXPANSION OF ITS ACTIVITIES IN THE
UNITED STATES, IT HAS ORGANIZED A TRIP BY A
GROUP OF ITALIAN JOURNALISTS TO ITS AMERICAN PLANTS
THAT WILL TAKE PLACE LATER IN THE MONTH. THIS WILL
INCLUDE VISITS TO ITS FACILITIES IN HUNTINGTON,
KENTUCKY; TEXAS AND CINCINNATI. THE COST OF THIS
PUBLIC RELATIONS OPERATION IS ALMOST 40 THOUSAND
DOLLARS, ACCORDING TO OUR SOURCE. FINA

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